



STATE AUDITOR REPORT ON COMMUNITY-BASED CORRECTIONS

Report. The Office of Auditor of State released a [Report on a Review of the Judicial Districts of the Department of Correctional Services](#) on July 1, 2015. The report provides details of operations and selected financial transactions of the eight Community-Based Corrections (CBC) District Departments. The report covered the period from FY 2010 through FY 2014. The special interest report provides background of the CBC District Departments, including their creation, the Department of Corrections (DOC) responsibilities in relation to the CBC District Departments, their classification in Iowa law as a public agency, and funding.

Findings. The report indicates it is not clear in Iowa law if the CBC District Departments are State agencies or governmental subdivisions. The Office of the Attorney General represents the District Departments for claims filed under Iowa Code chapter [669](#) (State Tort Claims). The District Departments participate in the Sick Leave Insurance Program (SLIP) established in Iowa Code section [70A.23](#). However, certain district departments are not in compliance with the maximum accrual rates for sick leave and vacation established in Iowa Code section [70A.1](#).

Vacation Accrual. The First, Fifth, and Sixth CBC District Departments allow management employees to accrue vacation at a greater rate than allowed for State employees. The Seventh and Eighth CBC District Departments allow management staff to accrue additional vacation hours as “field staff” even though they are management staff. The additional vacation accrual increases the financial liability due to increased vacation payouts at retirement, dismissal, death, or other separation from employment. The report indicates these five CBC District Departments had accrued \$584,310 in vacation accruals, and paid out \$255,520 in vacation payouts to management staff upon retirement that would not have occurred if they were State employees. The total amount of additional vacation accruals is reported as \$839,830.

Sick Leave Accrual. The First and Sixth CBC District Departments allow management employees to accrue sick leave at a greater rate than allowed by State employees. This results in a larger SLIP balance than allowed for State employees. The combined SLIP balances for these two district departments exceeded State law by \$212,080. It is not known how much of the excess balance, if any, will be used by the retirees before they are eligible for Medicare.

Sick Leave Conversion. The Second, Third, Fourth, Seventh, and Eighth CBC District Departments permitted management employees to convert sick leave to vacation using a methodology different than the State’s policy for supervisors and management. The total accrual was valued at \$6,032.

Funding. The funding for the CBC District Departments consists primarily of State General Fund appropriations. The General Assembly appropriates funds to the DOC and allocates those funds to the CBC District Departments. The DOC has a purchase of service (POS) agreement with each of the eight CBC District Departments. The District Departments received \$7.2 million in supplemental appropriations for the three-year period from FY 2010 through FY 2012. The DOC also reallocated \$650,000 from the DOC Institutions and five CBC District Departments to the Sixth CBC District Department in FY 2012 to alleviate a fiscal deficit.

Recommendations. The Auditor of State’s report provides the following recommendations:

- The CBC District Departments should comply with leave accrual rates established in Iowa Code section [70A.1](#). The General Assembly should consider whether the CBC District Departments are State agencies or governmental subdivisions. This classification determines which policies the CBC District Department must follow.

- The DOC should review the POS agreements for additional oversight provisions. Three CBC District Departments have greater accrual rates for paid leave for management staff. Three of the CBC District Departments use the same accounting system software while five do not. Four of the CBC District Departments have a High Risk Unit, but only the Sixth CBC District Department performs forfeitures. The report indicates uniformity in paid leave, financial software, and forfeiture proceedings would generate efficiencies and cost savings.
- Reallocations from the DOC Institutions and Central Office to the CBC District Departments should not occur unless the CBC District Departments are State agencies.
- Differences between District Departments include financial systems, forfeiture policies, and the Sixth CBC District Department has a foundation. The report includes a recommendation that the DOC and the CBC District Departments should consider using the State payroll system or the CBC District Departments should use the same financial software. All policies, procedures, rules and regulations should be complied with for forfeited funds.

More Information. The FY 2016 General Fund appropriations to the DOC for the CBC District Departments total \$91.1 million. Click [here](#) for the Notes on Bills and Amendments (NOBA) for SF 497 (Justice System Appropriations Bill). See the ***Fiscal Topic History of Community-Based Corrections*** for information regarding the administration and services provided by the CBC District Departments.

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